

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7145**

**BILL NUMBER:** SB 445

**NOTE PREPARED:** Jan 11, 2005

**BILL AMENDED:**

**SUBJECT:** Property tax payments pending appeals.

**FIRST AUTHOR:** Sen. Mrvan

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that in the case of a petition for administrative review or a proceeding for judicial review concerning an assessment, a taxpayer may avoid a penalty only if the taxpayer pays property taxes on the full amount of the assessed value subject to review.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill provides that if a taxpayer appeals a property tax bill, the taxpayer must first pay all taxes in order to avoid a penalty. The amount of taxes that the taxpayer is required to pay, pending the final determination, is based on the assessed value (AV) reported by the taxpayer on the taxpayer's personal property return if a personal property assessment is involved; or an amount based on the immediately preceding year's assessment of real property if real property is involved.

The bill could result in taxpayers paying taxes on property subject to review in order to avoid paying a penalty, which could result in local units receiving taxes at an earlier date if the taxpayer ultimately loses the appeal. The impact will depend on the AV under review and whether the proposal encourages taxpayers to pay taxes in order to avoid penalties.

*Background.* Under current law, if an installment of property taxes is not completely paid on or before the due date, a penalty equal to 10% of the amount of delinquent taxes is added to the unpaid portion. Penalties collected from a taxpayer are credited to the appropriate taxing units and are distributed in the same manner as other property taxes—based on a unit’s levy as a proportion of all levies within the taxing district.

Also, under existing law, if the taxpayer is successful in the appeal, the taxpayer will be refunded the amount overpaid plus interest. IC 6-1.1-26-5 provides for an interest on the refunded amount of 4%. Under existing law the county auditor must issue a warrant to the claimant payable from the county general fund for the amount due.

**State Agencies Affected:**

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.